



# **HECM Counseling Protocol Better Protocol Program for our Nation's Seniors**

Office of Housing Counseling  
December 2, 2014



# **HECM Counseling Protocol**

## **We can make it better**

**Audio available only via conference call**

**To join**

**Please call (800) 260-0702**

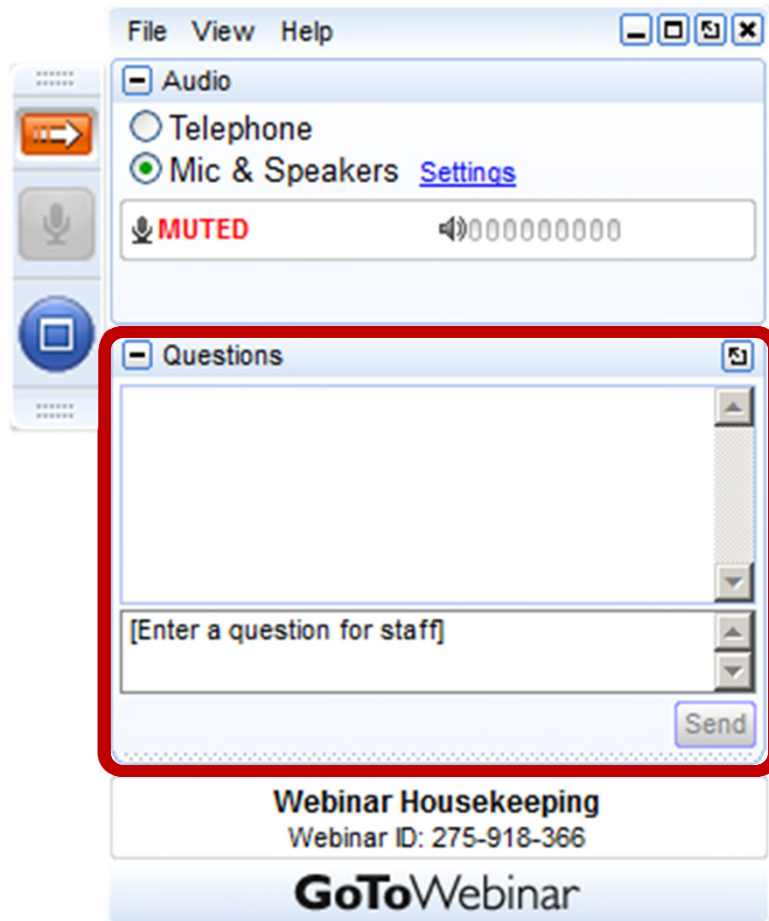
**Participant Access Code: 339046**

**December 2, 2014**

# Webinar Logistics

- Audio is being recorded. It will be available along with the PowerPoint at [www.hud.gov/housingcounseling](http://www.hud.gov/housingcounseling) under “Webinar Archives”
- Attendee lines will be muted during presentation.
- We will have a number of poll questions.
- There will be a Q&A period. The operator will give you instructions on how to make your comments.

# Other Ways to Ask Questions



## Your Participation

Please submit your text questions and comments using the Questions Panel.

You can also send questions and comments to  
[housing.counseling@hud.gov](mailto:housing.counseling@hud.gov)

# Please Mute Your Phones During Discussions

- During the discussions, all the phones may be unmuted by the operator.
- It is critical that you mute your phone during these discussions.
  - Most phones have a Mute function so use it.
  - \*6 will also mute and unmute your phone.
- Unmuted phones are a distraction to the discussion.
- Please be courteous.



# Brief Survey

- Please complete the brief survey which will be emailed to participants at the end of this session.
- Your responses will help OHC better plan and present our future webinars.



# Welcome

**John Olmstead**  
On Behalf of the  
Office of Housing Counseling  
**HECM Team**

# Agenda

- Purpose of Stakeholder Meetings
- HECM Counseling Protocol- Designing a More Effective Program for our Nation's Seniors
- Sharing some proposals ideas being considered
  - ✓ Agency Information Polling Questions
  - ✓ Proposal Discussion Questions
- Wrap up and Closing Remarks



# Stakeholder Meeting Purpose

- Provide the opportunity for communication and interaction;
- Gather stakeholder input on the existing HECM Protocol to evaluate later;
- Seek input on ways to improve;
- Share HECM industry best practices and challenges.

# Polling Question #1

***How many HECM roster counselors on staff at your agency?***

- A. 0
- B. 1
- C. 1-5
- D. 5-10
- E. More than 10

# **Where to find the the HECM PROTOCOL?**

## **HUD HANDBOOK 7610.0 APPENDIX 4**

**Found on HUDCLIPS at**

**[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/administration/hudclips/handbooks/hsgb/7610.1](http://portal.hud.gov/hudportal/HUD?src=/program_offices/administration/hudclips/handbooks/hsgb/7610.1)**

**The Protocol is required by the Housing and  
Economic Recovery Act (HERA) of 2008**

## **DISCLAIMER:**

**The purpose of today's webinar is to engage and solicit feedback from the HECM Counselor Industry on the HECM Protocol. OHC is sharing a few proposed ideas for change. OHC reserves the right to modify and update the HECM Protocol as HUD Counsel approves.**

## **HIGH LEVEL GOALS**

### **for the HECM PROTOCOL CHANGES**

- ✓ **Purpose of HECM Program should be emphasized and frame the entire Protocol.**
- ✓ **Update to reflect policy that has been issued since the Housing Counseling Handbook 7610.1- Revision 5 on May 2010.**
- ✓ **Bring clarity to the protocol language by reorganization and streamlining of entire content.**
- ✓ **Possibly include additional job aids and/or charts.**

# Discussion Question #1

**What part(s) of the Protocol is working and effective for HECM counselors today?**

**Discussion- Please share your *early* thoughts:**

- What should we keep?
- What needs to be added to help counselors/borrowers?
- What should be considered for either removal or moved to other Chapters or sections?

# **HECM PROTOCOL**

## **CHAPTER 1**

**(page 78)**

### **Introduction to Reverse Mortgage Counseling**



## **OHC PROPOSES: Expand CHAPTER I “Introduction to Reverse Mortgage Counseling”**

- ✓ **Introductory language to be revised;**
- ✓ **Revisit placing borrower qualification requirements in this section (i.e. Non-borrowing spouse);**
- ✓ **Amplify Detection and Prevention of Fraud and Elder Abuse (1.2.f);**
- ✓ **Ensure process alignment with guidance found in 7610.0, *HECM Protocol Handbook* and 7610.1 REV-5, *Housing Counseling Handbook*, Chapter 4 “Reverse Mortgage Housing Counseling”**



# **STATED PURPOSE of HECM PROGRAM**

## **As defined in Section 255 of the National Housing Act**

**The HECM is a program of mortgage insurance designed “... to meet the special needs of the elderly homeowners by reducing the effect of the economic hardship caused by the increasing costs of meeting health, housing and subsistence needs at a time of reduced income, through the insurance of home equity conversion mortgages to permit the conversion of a portion of accumulated home equity into liquid assets and to encourage and increase the involvement of mortgagees and participants in the mortgage markets in the making and servicing of home equity conversation mortgages for elderly homeowners.**

## **WHAT is the [implied] MISSION of the HECM PROGRAM?**

**The mission of the HECM Program is to provide a tool by which a program eligible senior who owns a home can effectively age in place and better fund longevity.**

# What is the PURPOSE of the HECM PROTOCOL?

**Per HUD's Legal Counsel:** Counseling protocol as outlined in HB 7610.1 is guidance counselors must follow in providing HECM counseling.

Technically it is a guide as well as an enforcement tool to effectuate Housing Counseling regulations;

***It is NOT a consumer protection tool***

**In the broadest sense, the purpose of the HECM Protocol is to provide guidance to our HECM roster counselors so that their counseling session will provide seniors the information and resources they need to make an informed decision on this product, to educate seniors on their responsibilities that follow if they chose this product, and to advise on the legal consequences and counselor support if they are financially unable or do not comply.**

## Polling Question #2

***What are the average years of experience of HECM counselors on staff at your agency?***

- A. Less than 1 year
- B. 1-2 years
- C. 2-5 years
- D. More than 5 years

## Chapter 1, Section 1, General Information



### OHC PROPOSES:

Move section on Borrower's Heirs and Estate to **General Section**. Expand last paragraph to include information on the impact of the age of the youngest borrower or non-performing spouse as a factor in calculating the allowable amount of the HECM loan.

## Chapter 1, Section 4-2 Counselor Roles and Responsibilities



### OHC PROPOSES:

Update with enhancement language that clearly states that the HECM counselors is not a “de facto” underwriter and that any Financial Assessment requirements are the responsibility of the HECM lender’s qualified DE Underwriter.

## Chapter 1, Section 4-2 Counselor Roles and Responsibilities



### **OHC PROPOSES:**

Include information on the process for HECM Counselors to follow when they experience difficulty updating or correcting a borrower's name and/or address on a HECM Certificate in FHA Connection.

**Share your experiences.  
Would this be helpful?**



## Polling Question #3

***How is reverse mortgage counseling administered by your agency?***

- A. Telephone Only
- B. Face to Face Only
- C. Face to Face and Telephone
- D. Face to Face, Telephone and Home Visit

## Chapter 1, Section 4-2 Counselor Roles and Responsibilities (continued)



**PROPOSED: Moving entire section “Effect on Current and Future Financial Obligations” to Section 5: Features of Reverse Mortgages, which will also include features of the new HECM program, including the caps based on mandatory obligations.**

**Any thoughts?**

## Discussion Question # 2

What do HECM Clients find especially helpful in the HECM Protocol?

**Discussion:** Share feedback you have received from clients over the years- the good and not so good. Any thoughts on what can be done differently so the counseling session is more meaningful?



## **OHC PROPOSES:**

**\_HECM Borrowers- Persons Required to Receive Reverse Mortgage Housing Counseling will be updated to reflect the guidance found in ML 14-07 as it relates to “Persons on the Deed.”**



## **OHC PROPOSES:**

**Under Section V, Features of Reverse Mortgages information the features of the new HECM program, including caps based on mandatory obligations will be added to this section.**

## Polling Question # 4

***How many years has your agency offered HECM counseling?***

- A. Less than 1 year
- B. 1-2 years
- C. 2-5 years
- D. More than 5 years



## **OHC PROPOSES:**

**Expand guidance pertaining to Power of Attorney and Conservator/Guardian. In particular, detail the process for reporting fraud.**

**Clarification will be provided on whether counselors report to their closest HUD Homeownership Center or Office of Housing Counseling?**



## **OHC PROPOSES:**

**Clarify section that provides guidance for HECM required repairs**



# Discussion Question # 3

**Part 1:** How does your agency deal with outdated client handouts such as “Preparing for Your Counseling Session”?

**Part 2** of discussion, do you advise clients on HECM Program updates? (i.e. Borrower recourse for the repayment of HECM debt as updated by the issuance of ML 2011-16)



## OHC PROPOSES:

# Polling Question #5

***Do you charge a fee for HECM counseling?***

A. Yes

B. No

## Discussion Question #4

**As HECM Counselors, how to you stay abreast of HECM policy changes that have not been incorporated into HECM Protocol?**

### **Discussion**

**Does your agency keep you informed?**

**Do you attend industry trainings?**

**Do you keep up to date yourself? If so, how.**

## Discussion Question # 5

**What areas of the HECM protocol do your clients have difficulty understanding?**

**Discussion– Identify areas for improvement in Protocol. Is it the guidance or mental abilities of the senior on this complex subject? Do seniors come in to session with written questions?**



# Concluding Remarks

**John Olmstead**

Housing Program Specialist  
Office of Housing Counseling





**As you come up with additional ideas you would like OHC to consider you may send an email to OHC's external Mailbox at:**

**[Housing.counseling@hud.gov](mailto:Housing.counseling@hud.gov)**

**On the email subject line, please type: HECM Protocol**



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# For More Information

Office of Housing Counseling HOME webpage:

[www.hud.gov/housingcounseling](http://www.hud.gov/housingcounseling)

## Counselor Resources:

[http://portal.hud.gov/hudportal/HUD?src=/program\\_offices/housing/sfh/hcc/hcc\\_home](http://portal.hud.gov/hudportal/HUD?src=/program_offices/housing/sfh/hcc/hcc_home)

Thank You for your participation today!